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Peter Elzinga, Alberta Minister of Agriculture

BILLION DOLLAR GRAINS PROGRAM

Last month, federal Agriculture Minister John Wise and Minister of State for the Canadian Wheat Board Charles Mayer made an announcement which had been anxiously awaited by farmers across the country — particularly by those in Western Canada. The federal government had introduced its billion-dollar assistance program for grain producers.

Under the new Special Canadian Grains Program, Canada's grain and oilseed farmers will receive cash payments to offset the damaging effects of the escalating subsidy war between the United States and the European Economic Community.

Program payments will be made in two installments. Producers should now be receiving an initial payment of \$300 million. A second payment of \$700 million will be made in the spring, when farmers will need the extra cash most.

The amounts of these payments will be based on farmers' seeded acreage of grains and oilseeds, and on representative regional yields as derived from crop insurance data. Individual producers may receive payments of up to \$25,000 through the program. The average grain farmer will receive about \$5,000.

The crops covered by the special grains program are wheat, barley, oats, rye, mixed grains, corn, soybeans, canola, flax, and sunflower seeds. The assistance rates given for each commodity will relate to the decline in price the commodity has experienced as a result of the trade war between the U.S. and the EEC.

Western producers will get the lion's share of the \$1 billion provided through the program. Farmers west of Ontario will receive approximately \$841 million, while Eastern farmers will share about \$159 million.

I am delighted to see that, through the announcement of this Special Canadian Grains Program, the Prime Minister has fulfilled a commitment he made to Canadian farmers last October. The Alberta Government joined with other provinces in pushing hard for federal assistance for our farmers, and I am pleased that Ottawa has responded with this program.

Why has such assistance become so necessary?

The price Canadian farmers receive for their grain is set in the international marketplace. As a result of world overproduction of grain and the expansion of export subsidy programs by some exporting countries, farmers this year are seeing the lowest grain prices in 50 years. Current grain prices bear no relationship to the costs of grain production, and have put Canada's grain farmers in a no-win position.

The principal culprits in this situation, the European Economic Community and the United States, continue to pursue various damaging policies in their attempts to increase sales of grain and oilseeds on the world market. This has put other grain exporters, including Canada, in an extremely difficult situation. We have been faced with the choice of lowering our grain prices or losing our share of the world market. Countries like Canada simply do not have the financial resources necessary to match the massive subsidies paid by the U.S. and the EEC.

EEC and U.S. policies have had a damaging effect on the incomes of Alberta grain producers, and, in turn, on our economy as a whole. Unfortunately, such policies can only lead to even greater grain surpluses, so the situation is likely to get worse before it gets better.

This is where the Special

Canadian Grains Program comes in. The billion dollars in assistance provided through this program should give farmers much needed relief from the impact of the international trade war.

However, while the Special Grains Program will certainly provide substantial assistance, it cannot resolve all the problems facing the grain and oilseed industry.

Canada must continue to work toward an end to unfair international subsidy practices. The Government of Alberta has supported the federal government in its efforts to achieve an international agreement on this issue, and has joined with other provinces in requesting a voice in Canada's deliberations at the new round of negotiations under the General Agreement on Tariffs and Trade (GATT).

In the meantime, the federal and provincial governments will continue to support all sectors of the agriculture industry to the fullest extent possible. With the Special Canadian Grains Program and the many other agricultural initiatives now in effect, both levels of government are helping the agriculture industry to overcome current international difficulties, so that we may continue on the road toward a stable and prosperous future.